

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)
Children's Hospital Program of 2018 (Proposition 4)

Resolution No. CHP-4 2025-02

May 29, 2025

Applicant: Children's Hospital Los Angeles
4650 West Sunset Boulevard
Los Angeles, CA 90027

Project Site: 4650 West Sunset Boulevard
Los Angeles, CA 90027

Amount Requested: Proposition 4: \$13,120,897.88 Grant #: CHLA-05-04

Summary of Grant Amounts	Proposition 4
Eligible Amount	\$135,000,000.00
less Previous Grant Awards	89,749,925.08
less Requested Grant Amount	13,120,897.88
Remaining Amount Eligible (if requested amount is approved)	\$32,129,177.04

Project:

Children's Hospital Los Angeles (CHLA) is seeking Proposition 4 grant funds to reimburse the cost of patient care equipment for various pediatric care departments. The patient care equipment includes, but is not limited to one centrifuge chiller, one mass analyzer, 26 medical monitoring systems, one fluoroscopy system, one flow cytometry system, and one magnetic resonance imaging machine.

Sources of Funds:

Net Prop 4 Funds ¹	\$12,979,848.23
Internal Funds ²	141,049.65
Total	<u>\$13,120,897.88</u>

Uses of Funds:

Equipment	\$13,120,897.88
Total	<u>\$13,120,897.88</u>

Staff Recommendation:

Staff recommends the Authority approve Resolution No. CHP-4 2025-02 for Children's Hospital Los Angeles to receive a grant not to exceed \$13,120,897.88 (less costs of issuance and administrative costs), subject to all requirements of the Children's Hospital Bond Act of 2018.

¹ Net Prop 4 Funds is the total Prop 4 requested amount of \$13,120,897.88, less costs of issuance and administrative costs.

² Internal Funds in the amount of \$141,049.65 will be used to pay the administrative costs (\$131,208.98) and costs of issuance (\$9,840.67).

Proposition 4 Evaluation Factors:

Staff reviewed the provided application and other submitted materials in determining whether the applicant satisfactorily met the six factors identified in Proposition 4. Below is a summary of how the applicant met these specific factors below.

Factor 1: The grant will contribute towards expansion or improvement of health care access by children eligible for governmental health insurance programs and indigent, underserved, and uninsured children.

Centrifuge Chiller

CHLA has replaced a 25-year-old nonfunctional absorption chiller with a modern centrifuge chiller to improve the efficiency and reliability of its chilled water plant. Chillers are essential for maintaining consistent cooling and temperature control in various areas, including operating rooms, medical equipment, and overall patient comfort, playing a crucial role in preventing bacterial growth, ensuring proper functioning of medical devices, and maintaining patient safety. This upgrade ensures operational continuity across all departments within CHLA and ensures temperatures in the hospital environment are effectively regulated in critical patient care spaces. CHLA currently operates nine chillers with a total cooling capacity of approximately 7,250 tons, and the failure of the previous absorption chiller threatened access to CHLA's services.

As a primary safety net provider in the Los Angeles region, CHLA served approximately 156,000 pediatric patients in Fiscal Year (FY) 2024, 73% of which were Medi-Cal recipients.

Mass Analyzer

CHLA has replaced the mass analyzer for one of its clinical laboratories within the Department of Pathology and Laboratory Medicine. The mass analyzer is used to examine biological samples with enhanced diagnostic speed and accuracy, thereby improving the timely delivery of treatment plans and therapeutic drugs for CHLA's pediatric patients. CHLA's laboratory operates around the clock offering highly specialized diagnostic testing for patients suspected of congenital metabolic diseases, and the increased efficiency of the new equipment will improve access to these highly specialized tests, supporting medical procedures, such as bone marrow and solid organ transplants.

CHLA estimates the new mass analyzer will impact the treatment plans of 11,646 pediatric patients annually.

Medical Monitoring Systems (MMS)

CHLA has replaced 26 MMS that are at the end of their useful life in the Pediatric Intensive Care Unit (PICU) with new ones, enhancing patient monitoring and providing more accurate and timely data for critical care decisions. For pediatric patients in the PICU, the MMS are crucial to their treatment plans, offering precise, personalized monitoring of vital signs like heart rates, respiratory rates, oxygen saturation, and blood pressure. Continuous monitoring allows clinicians to adjust treatments, medication dosages, and interventions in real time, ensuring care is tailored to the patients' specific needs.

The new MMS also have enhanced storage capability for patient care data and allow data transfer between monitors as patients move throughout the hospital.

CHLA estimates the new MMS will improve patient care for approximately 7,091 patients annually.

Factor 2: The grant will contribute towards the improvement of child health care or pediatric patient outcomes.

Fluoroscopy System

CHLA has replaced an end-of-life fluoroscopy system in the Radiology and Imaging Department. Fluoroscopy is a real-time X-ray imaging technique that allows doctors to view moving structures and processes inside the body and is used to diagnose various conditions and guide medical procedures. During a fluoroscopy procedure, an X-ray beam is passed through the body, and the image is transmitted to a monitor, so the movement of a body part, an instrument, or contrast agent ("X-ray dye") through the body can be seen in detail. This fluoroscopy system improves pediatric patient health outcomes by offering low-dose radiation protocols and high-resolution imaging, ensuring safer diagnostics for children, while enabling precise evaluation of gastrointestinal, musculoskeletal, and vascular conditions.

Flow Cytometry System

CHLA has replaced a flow cytometry system that has reached the end of its useful life in the Department of Pathology and Laboratory Medicine. Flow cytometry is a lab technique that analyzes single cells as they flow through a laser beam, providing rapid multi-parametric analysis of single cells and is used in a wide range of clinical and diagnostic applications, including immunophenotyping, cell cycle analysis, and monitoring of various cellular markers. This system is crucial for pediatric patients requiring immunologic evaluations, leukemia diagnostics, and stem cell monitoring, because of its ability to deliver highly detailed cellular analysis supporting early detection, personalized treatment plans, and ongoing disease monitoring, thereby improving outcomes for pediatric patients with complex hematologic and immunologic conditions.

Magnetic Resonance Imaging (MRI) Machine

CHLA acquired a new MRI machine for the Radiology and Imaging Department. The MRI machine enhances pediatric imaging by providing motion-tolerant sequences and low-dose radiation protocols, ensuring clear, high-resolution images while reducing scan time and minimizing stress for young patients. The MRI contributes to better health care outcomes for pediatric patients, by supporting precise diagnosis and monitoring of neurological, musculoskeletal, and other medical conditions.

Factor 3: The children's hospital provides uncompensated or undercompensated care to indigent or public pediatric patients.

CHLA's mission is to provide the highest quality of pediatric medical care, regardless of the family's ability to pay. In FY 2024, CHLA provided approximately \$503 million in community

benefits for children living in poverty, such as: parental counseling, educational seminars, and family support groups; and provided financial assistance, including Medi-Cal means-test programs and subsidized health services to indigent pediatric patients.

Factor 4: The children's hospital provides services to vulnerable pediatric populations.

In FY 2024, CHLA served approximately 156,000 pediatric inpatient and outpatient individuals, which resulted in approximately 747,224 pediatric patient visits. 73% of the children receiving services at CHLA are Medi-Cal recipients. Approximately 53% of CHLA's \$763.6 million net patient revenue for FY 2024 comes from governmental health insurance programs, such as Medi-Cal and California Children's Services (CCS).

CHLA has financial counselors and Medi-Cal eligibility workers to assist patients' families in finding alternative sources of payment from both public and private programs. CHLA is a certified tertiary CCS hospital³ and provides services to children with special needs, which are among the most medically vulnerable children in the region. CHLA and its medical group provide CCS program support and are committed to expanding access to services, improving health care outcomes for the pediatric patients and family satisfaction with the full range of services provided, and implementing greater efficiencies and reduced costs of care and services.

Factor 5: The children's hospital promotes pediatric teaching programs or pediatric research programs.

CHLA promotes both physician and registered nurse training and provides training to over 200 pediatric and subspecialty fellows annually. Additionally, over 500 residents and fellows from other institutions rotate through CHLA each year for pediatric training. Over the past five years, about 40% of graduates have remained in the Los Angeles area, including in medically underserved areas, as practicing pediatricians. CHLA conducts pediatric research through its Saban Research Institute and the University of Southern California-CHLA Institute of Pediatric Clinical Research. The Saban Research Institute, dedicated exclusively to children, has 300 researchers engaged in approximately 1,700 studies, clinical trials and community-based research and health services.

Factor 6: Demonstration of project readiness and project feasibility.

All patient care equipment was purchased between May 2022 through February 2025, installed and placed in operation during the same timeframe.

Legal Review:

Although disclosures were made by the applicant, the information disclosed does not appear to detrimentally affect its financial viability or legal integrity.

³ A tertiary CCS hospital is a referral hospital providing comprehensive, multidisciplinary, regionalized pediatric care to children from birth to 21 years of age consistent with requirements provided by the California Department of Health Cares Services.

Description of Applicant:

CHLA is a nonprofit 501(c)(3) general acute care pediatric hospital with a current license from the California Department of Public Health. CHLA, founded in 1901 in a small house in Los Angeles County, offers more than 350 pediatric specialty programs and services to meet the needs of its patients. As the first pediatric hospital in Southern California, CHLA relies on the generosity of philanthropists in the community to support patient care, leading-edge education of the caregivers of tomorrow and innovative research efforts that impact children at the hospital and around the world. CHLA's financial audit for FY 2024 was submitted and is free of "going concern" language⁴.

⁴ The absence of "going concern" language tends to suggest the organization is in good operational health for that fiscal year. The Authority's regulations define "Going Concern Qualification" in Section 7000(q).

RESOLUTION NO. CHP-4 2025-02

**RESOLUTION OF THE CALIFORNIA HEALTH
FACILITIES FINANCING AUTHORITY APPROVING
EXECUTION OF GRANT DOCUMENTS AND DELIVERY OF GRANT FUNDING
UNDER THE CHILDREN’S HOSPITAL PROGRAM OF 2018
TO CHILDREN’S HOSPITAL LOS ANGELES**

WHEREAS, the California Health Facilities Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized by the Children’s Hospital Bond Act of 2018 (Pt. 6.3 (commencing with Section 1179.81), Div. 1, Health and Safety Code; hereafter the “Act”) and implementing regulations to award grants from the proceeds of general obligation bonds in an amount not to exceed \$135,000,000, less costs of issuance and administrative costs, to Children’s Hospital Los Angeles to finance eligible projects; and

WHEREAS, Authority staff received a grant application (the “Application”) from Children’s Hospital Los Angeles (“Grantee”), and Grantee is seeking a grant in an amount that will not cause the aggregate sum of grants disbursed to the Grantee to exceed \$135,000,000; and

WHEREAS, Authority staff reviewed the Grantee’s Application against the eligibility requirements of the Act and implementing regulations and, pursuant to the Act and implementing regulations, recommends approval of a grant in an amount not to exceed \$13,120,897.88 (the “Grant”), less costs of issuance and administrative costs representing 0.075% and 1% of the amount of the Grant respectively, to the Grantee for the eligible project (the “Project”) described in the Application and as more generally described in Exhibit A to this Resolution (Exhibit A is hereby incorporated by reference);

NOW THEREFORE BE IT RESOLVED by the California Health Facilities Financing Authority, as follows:

Section 1. The Authority hereby approves the Grant in an amount not to exceed \$13,120,897.88, less costs of issuance and administrative costs, to Grantee to complete the Project within a grant period that ends on August 31, 2026 (the “Grant Period”). The Grantee must make any request for disbursement of Grant funds pursuant to the Grant Agreement (defined below) and within the Grant Period.

Section 2. For and on behalf of the Authority, the Executive Director and/or the Deputy Executive Director are hereby authorized and directed to do, or cause to be done, any of the following:

a) Approve any minor, non-material changes in the Project. Nothing in this Resolution shall be construed to require the Authority to provide any additional funding to Grantee. The Authority shall not be liable to the Grantee in any manner whatsoever should such funding not be completed for any reason whatsoever.

b) Extend the Grant Period set forth in Section 1. However, any extension approved by the Executive Director and/or the Deputy Executive Director shall not surpass the expiration date of this Resolution set forth in Section 3 hereof.

c) Draw money from the Act Fund, in an amount not to exceed that approved by the Authority and disburse such funds to the Grantee pursuant to the Grant Agreement.

d) Enter into an agreement with Grantee (the "Grant Agreement") in form and substance the Executive Director and/or Deputy Executive Director determines appropriate in their reasonable discretion setting forth the Authority's and Grantee's rights and duties in connection with the Grant.

e) Do any and all things and execute and deliver any and all other documents that the Executive Director and/or the Deputy Executive Director deem necessary, convenient, or advisable to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 3. This Resolution expires August 31, 2027, unless extended by action of the Authority prior to that date.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

The proceeds of the grant will be used by Children's Hospital Los Angeles to reimburse the cost of patient care equipment for various pediatric care departments. The patient care equipment includes, but is not limited to one centrifuge chiller, one mass analyzer, 26 medical monitoring systems, one fluoroscopy system, one flow cytometry system, and one magnetic resonance imaging machine.